

## Message Text

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PAGE 01 STATE 025609  
ORIGIN EUR-12

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DRAFTED BY EUR/NE:DCGOODMAN:LP  
APPROVED BY EUR/NE:RLFUNSETH  
E:EJOHNSTON  
-----112471 011057Z /15  
R 312127Z JAN 78  
FM SECSTATE WASHDC  
TO AMEMBASSY HELSINKI

C O N F I D E N T I A L STATE 025609

E.O. 11652: GDS

TAGS:ETRA, EAIR, FI

SUBJECT: FINNISH AMBASSADOR DISCUSSES STEEL, FINNAIR, AND  
ICEBREAKERS WITH UNDER SECRETARY COOPER

1. SUMMARY. DURING THIRTY MINUTE COURTESY CALL ON UNDER  
SECRETARY COOPER JANUARY 26, FINNISH AMBASSADOR ILONIEMI  
RAISED BILATERAL QUESTIONS OF FINNISH STEEL EXPORTS TO THE  
U.S., WEST COAST LANDING RIGHTS FOR FINNAIR, AND FINNISH  
INTEREST IN SUPPLYING ICEBREAKER FOR US COAST GUARD. END  
SUMMARY.

2. STEEL. ILONIEMI SAID FINLAND HAD RECENTLY EXPANDED ITS  
STEEL INDUSTRY AND WAS NOW ONE OF THE MOST MODERN, LOW COST  
PRODUCERS ANYWHERE. THEY WERE CONCERNED THAT THE U.S.  
TRIGGER PRICE MECHANISM COULD AFFECT THEM. THEY WERE PARTI-  
CULARLY WORRIED BECAUSE STEEL WAS PRODUCED IN AN UNDER-  
DEVELOPED AREA WHERE UNEMPLOYMENT, WHICH ILONIEMI SAID  
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PAGE 02 STATE 025609

APPROACHED TEN PERCENT NATIONWIDE, WAS A MAJOR PROBLEM.  
COOPER REPLIED THAT IF FINNISH PRICES WERE BELOW TRIGGER  
LEVEL, THERE WOULD BE AN INVESTIGATION TO SEE IF THERE WAS  
DUMPING, BUT THERE WOULD NOT BE PENALTIES IF THE LOW PRICES  
WERE STRICTLY THE RESULT OF LOW COST PRODUCTION, AS  
DESCRIBED BY ILONIEMI. COOPER ADDED, HOWEVER, THAT IF THERE  
WERE GOF SUBSIDIES FOR STEEL THIS COULD CREATE A

PROBLEM.

3. FINNAIR. ILONIEMI SAID NORTHWEST ORIENT WOULD BE TOUGHER COMPETITION FOR FINNAIR THAN PANAM HAD BEEN BECAUSE OF NORTHWEST'S EXCELLENT FEEDER NETWORK FROM THE MIDWEST AREAS WHERE SO MANY FINNISH/AMERICANS LIVED. FINLAND WANTED WEST COAST LANDING RIGHTS BUT HAD NOT YET DECIDED WHERE, ALTHOUGH SEATTLE WAS A LIKELIHOOD. HE SAID FINNAIR FELT THAT, AFTER A YEAR TO GET STARTED, IT COULD PROFITABLY OPERATE A SEATTLE/HELSINKI ROUTE ON A TWICE-A-WEEK BASIS.

4. ICEBREAKERS. ILONIEMI EXPRESSED FINLAND'S STRONG INTEREST IN SUPPLYING ICEBREAKERS TO U.S. COAST GUARD. SAYING FINLAND WAS THE LARGEST AND BEST BUILDER OF SUCH SHIPS, HE ARGUED THAT THERE WAS NO ECONOMIC REASON WHY FINNS SHOULD NOT GET CONTRACT IF CONGRESS APPROPRIATED FUNDS. HE SAID PURCHASE OF AN ICEBREAKER WOULD HELP TO BALANCE U.S./FINNISH TRADE, WHICH WOULD OTHERWISE STRONGLY FAVOR U.S. IN 1978 DUE TO IMPENDING AIRCRAFT PROCUREMENT BY FINNS. ILONIEMI SAID FINLAND SOUGHT OPEN INTERNATIONAL BIDDING AND WAS CONCERNED THAT CONGRESS MIGHT LIMIT BIDDING TO U.S. SOURCES ONLY. COOPER REJECTED IDEA OF BALANCED BILATERAL TRADE AS ANTITHETICAL TO A TRULY MULTILATERAL TRADING WORLD, BUT HE TOLD ILONIEMI HE WOULD LOOK INTO THE ICEBREAKER QUESTION. FYI. SENATOR BAYH'S TRANSPORTATION SUBCOMMITTEE  
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PAGE 03 STATE 025609

OF SENATE APPROPRIATIONS COMMITTEE WILL HOLD HEARINGS FEBRUARY 7 ON QUESTION OF NEED FOR GREAT LAKES ICEBREAKER. SCHEDULED TO TESTIFY ARE A NUMBER OF SENATORS AND CONGRESSMEN, TOP COAST GUARD OFFICIALS, AND OTHERS, INCLUDING FORMER AMBASSADOR AUSTAD. VANCE

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## Message Attributes

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